



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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June 10, 2016

TO: Audit Committee

FROM: John Naimo *John Naimo*
Auditor-Controller *JN*

SUBJECT: **RESPONSE TO THE AUDIT COMMITTEE'S PROPOSED CHANGES TO
FISCAL YEAR 2016-17 COUNTYWIDE AUDIT PLAN**

At the May 19, 2016 meeting, your Audit Committee requested the Auditor-Controller (A-C) to consider changes to the Audit Division's Fiscal Years (FY) 2016-17 and 2017-18 Audit Plan. Specifically, we were asked to evaluate devoting fewer resources to routine internal control reviews, realigning additional resources to higher priority program/operational audits, and assessing the impact of these resource changes.

Current Workload

We analyzed our workload in terms of resources over a three year period and defined the work into two broad categories of mandated assignments and discretionary assignments.

As indicated, a significant portion of our work involves Board of Supervisors' (Board) requested audits, other mandated assignments, and routine fiscal related reviews. Attachment I includes a summary of our ongoing, fiscal and other routine assignments along with some of the key findings. Details are included in the chart below.

CURRENT STAFFING RESOURCES ALLOCATION		
Three Year Average of FY 2012-13 Through FY 2014-15		
86,000 Staff Hours Available		
MANDATED ASSIGNMENTS	Hours	%
Board Requested Audits	20,640	24.0%
Proposition A Cost Analyses	2,150	2.5%
Sunset Reviews	1,290	1.5%
County Mandated Assignments (Internal Control Certification Program, Work Orders, etc.)	2,150	2.5%
State and Federal Mandates (Treasury Cash Counts, Revolving Cash Trust Funds, etc.)	1,720	2.0%
TOTAL MANDATED ASSIGNMENTS	27,950	32.5%
DISCRETIONARY ASSIGNMENTS (Some referenced in Board orders)		
Routine Fiscal Internal Control Audits (Payroll, Procurement, Trust, etc.)	25,800	30.0%
Information Technology Audits (Individual System Reviews and Board Policy Reviews)	6,450	7.5%
Department Requested Audits (Department of Mental Health (DMH) Affiliation Agreement, Department of Children and Family Services (DCFS) Children's Trust Fund, etc.)	5,160	6.0%
Audit Recommendation Follow-Ups	4,300	5.0%
Program/Operational (DMH Pharmacy Operations, Department of Public Social Services Housing Programs, etc.)	2,580	3.0%
eCAPS Interface and Access Exception Requests	2,580	3.0%
Department Technical Assistance and Advisory Services	2,580	3.0%
Miscellaneous (Audit Planning, Master Agreements, Personnel Matters, etc.)	8,600	10.0%
TOTAL DISCRETIONARY ASSIGNMENTS	58,050	67.5%

Proposed Reallocation

As suggested by the Audit Committee, we believe there are opportunities to redirect a portion of our resources from routine internal control reviews to program/operational audits. Our proposal would retain what we believe is a minimum presence in critical fiscal areas while increasing the number of high priority program/operational reviews we conduct. We are also proposing to eliminate County mandated sunset reviews, and increasing the risk threshold at which we would review Departments' Proposition A cost analyses or eliminating these reviews, and redirecting liberated resources to program reviews. The chart below highlights our proposed changes.

PROPOSED AUDIT RESOURCES ALLOCATION CHANGES						
	CURRENT		PROPOSED		CHANGE	
	Hours	% of Total	Hours	% of Total	Hours	% of Total
MANDATED ASSIGNMENTS						
Proposition A Cost Analyses	2,150	2.5%	0	0.0%	(2,150)	-2.5%
Sunset Reviews	1,290	1.5%	0	0.0%	(1,290)	-1.5%
DISCRETIONARY ASSIGNMENTS						
Routine Fiscal Internal Control Audits	25,800	30.0%	17,200	20.0%	(8,600)	-10.0%
Program/Operational Reviews	2,580	3.0%	14,620	17.0%	12,040	14.0%

Fiscal Internal Control Review Plan

We are proposing to reduce resources dedicated to routine fiscal internal control reviews from 30% to 20%. Based on our risk assessment, we believe this new level of effort is the minimum necessary to provide systematic audit coverage of higher risk

control and compliance vulnerabilities to fulfill the A-C's responsibilities to help ensure the reliability and integrity of financial and operational information, compliance with laws, regulations, policies, procedures, and contracts, and the safeguarding of assets.

Our proposal will provide for approximately ten routine fiscal reviews per year, and the ability to audit one or more fiscal areas in each department an average of approximately once every five years. However, higher risk departments would be reviewed more frequently with lower risk departments less often. While our current 30% resource allocation provides for more frequent fiscal reviews at each department, we believe the new proposal offers sufficient coverage to ensure the higher risk departments' key fiscal controls are periodically monitored. We will also discuss the plan with the County's financial audit firm.

Examples of fiscal internal control audits originally included in our draft FYs 2016-17 and 2017-18 Audit Plan that we will consider eliminating or postponing to meet this reduction include:

- Elimination of routine cell phone reviews;
- Elimination of routine Voyager reviews;
- Payroll reviews only in the highest risk departments; and
- Procurement reviews only in the highest risk departments.

While important, these audits may not meet our new emphasis which places a higher priority on program/operational reviews. Based on our risk assessment, we will return to the Audit Committee with specifics about the reviews to be included and those that will be deferred/eliminated. We will also reassess our existing fiscal review process to ensure our focus is on key control areas. Attachment II is our existing draft Audit Plan with strikethrough edits to indicate some of the more routine control audits we would eliminate to realign resources toward program/operational reviews.

Elimination of Sunset Reviews and Proposition A Cost Analyses

As indicated above, we are proposing to eliminate County mandated sunset reviews, and to reassess the dollar threshold at which the Audit Division would review Departments' Proposition A avoidable cost analyses, including consideration of elimination of Proposition A cost analyses. Resources liberated from sunset and Proposition A reviews would be redirected to program/operational reviews. In FY 2015-16, the Audit Division completed three sunset reviews, with an additional four in progress, and four Proposition A cost analyses and four more in progress. Although Audit Division generally allocates approximately 4% of staffing resources to these areas, the reviews have not resulted in material or significant reportable findings to the Board. The value added by these reviews does not appear commensurate with the resources expended.

Sunset reviews are required per a sunset review plan that was proposed by the Audit Committee and accepted by the Board in the 1990’s, and the requirement for when the A-C is required to review departments’ Proposition A avoidable cost analyses is defined within Board policy. If our plan is approved, we will work with the Board and your Committee to modify these mandates as applicable. The proposed redirection of these resources and the benefits are discussed further below.

Program/Operational Audit Plan

Utilizing the resources redirected from fiscal reviews, sunset reviews, and Proposition A cost analyses as discussed above, will allow us to complete approximately three to six comprehensive, high risk program/operational audits per year. Specifically, we propose conducting approximately one review per year in Board priority areas (e.g., homelessness) that may not be specific to any one department. The remainder would be program/operational audits of core department areas. The redirected resources will provide for the following approximate auditing cycle:

BOARD PRIORITY AND PROGRAM/OPERATIONAL AUDITING CYCLE	
	AUDIT CYCLE
Board Priority Reviews	1 Per Year
Each High Risk Department	Every 5 Years
Each Medium Risk Department	As Warranted
Each Low Risk Department	As Warranted

To identify and conduct the Board priority and department programmatic/operational audits we would:

Board Priorities – Identify key Board priorities and initiatives through discussions with Board offices and prioritize audit areas based on risk (i.e., County impact). Once the Board priority area has been selected for review (e.g., homelessness, as discussed above), we will evaluate various aspects of the program (e.g., potential redundancy and coordination concerns among departments’ services), and meet with Board offices and other relevant stakeholders to gather input on areas for review.

Program/Operational Audits – Identify core programs/operations in each department and prioritize audits of the core areas based on risk. For example, DCFS’ core programs/operations could consist of investigating child abuse and neglect allegations (including removal of children), family re-unification, child placement, or foster child case management. A program/operational audit may include a review of one of these specific programs/operations to determine if the program is efficiently and effectively accomplishing its goals and achieving positive outcomes.

Conclusion/Impact

The proposed changes will enable the A-C to redirect audit resources to ensure responsiveness to the Audit Committee's request for more program/operational reviews. The impact will be somewhat less audit coverage in fiscal areas, as well as the elimination of certain mandated reviews (sunset reviews and some or all Proposition A cost analyses) that have historically demonstrated to not be cost-effective and divergent from our core auditing mission. We believe these changes allow us to continue meeting auditing standards and help ensure our resources are allocated to the highest priority areas.

Once our proposal is approved, we will present to the Audit Committee a revised Audit Plan that aligns with the priorities discussed above.

JN:AB:PH:RS

Attachments

SUMMARY OF ONGOING ASSIGNMENTS			
ONGOING ASSIGNMENTS	POTENTIAL FOR SIGNIFICANT FINDINGS	PREVALENCE OF SIGNIFICANT FINDINGS	FREQUENT FINDINGS
PROCUREMENT & CONTRACTING	HIGH	MEDIUM	OVERPAYING FOR GOODS & SERVICES MISSING EQUIPMENT & SUPPLIES
PAYROLL & PERSONNEL	HIGH	MEDIUM	UNAUTHORIZED OVERTIME DELAYED PERSONNEL TRANSACTIONS
CREDIT CARDS & FUEL CARDS	MEDIUM	LOW	INAPPROPRIATE PURCHASES PERSONAL USE OF CARDS
CELL PHONES	MEDIUM	LOW	INEFFICIENT PLAN STRUCTURES INACTIVE EQUIPMENT
TRUST, COMMITMENTS, & ACCOUNTS PAYABLE	LOW	LOW	COUNTY REVENUE HELD IN TRUST MISSTATED COMMITMENTS & PAYABLES
SUNSET REVIEWS	LOW	LOW	NONE
PROPOSITION A COST ANALYSES	LOW	LOW	NONE

**AUDITOR-CONTROLLER - AUDIT DIVISION
FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
<u>Board Directives and Motions (generally report-backs designated by the Board)</u>				
1 Emerging Board Priorities	Board Requests and Special Investigations	Board	2,610	3,512
2 Multiple Departments - Annual	Foundation Report Monitoring	Board Policy	100	100
3 Multiple Departments - Annual	Third Party Liability Letters Review	Board Policy	300	600
4 Sheriffs	Sworn vs. Non-Sworn Evaluation Review	Board	708	
			3,718	4,212
			4.24%	4.75%
<u>Operational / Performance Audits (2)</u>				
5 Children and Family Services	Child Abuse/Neglect Prevention Program	Auditor-Controller		800
6 Children and Family Services	Emergency Assistance Payments Review	Auditor-Controller		1,000
7 Children and Family Services	Workers' Compensation Review	Auditor-Controller	1,500	
8 Community and Senior Services	Nutritional Program Review	Auditor-Controller		885
9 Community and Senior Services	Senior Community Service Employment Program Review	Auditor-Controller		1,000
10 Community Development Commission	Loan Programs	Auditor-Controller		1,000
11 Community Development Commission	Section 8 Fraud Investigations	Auditor-Controller		800
12 Health Services	LAC+USC Assets Control (Medical Supply)	Department	500	
13 Mental Health	Public Guardian Referrals and Caseload Management Review	Auditor-Controller		1,100
14 Public Health	Grants Unit Operations Follow-Up Review	Audit Standards	815	
15 Public Health	Antelope Valley Substance Abuse General Relief Program	Department		1,000
16 Public Health	Substance Abuse Prevention and Control Program Audit	State	220	220
17 Public Social Services	CalWORKs Eligibility	Auditor-Controller		1,500
18 Public Social Services	Electronic Benefit Transfer Review Phase 2	Auditor-Controller	1,000	100
19 Public Social Services	General Relief Program Review	Auditor-Controller		1,300
20 Public Social Services	Overpayment Collections	Auditor-Controller	1,200	
21 Public Social Services	Stage 1 Child Care Payments	Auditor-Controller		1,200
22 Public Social Services	Welfare Fraud Hotline	Auditor-Controller		1,200
23 Public Social Services	Welfare Fraud Prevention/Detection	Auditor-Controller	1,300	200
24 Public Social Services	Workers' Compensation Review	Auditor-Controller	200	
25 Public Works	Building Permits, Inspections, and Code Enforcement	Auditor-Controller	1,612	
26 Public Works	Capital Projects - Project Management Operational Review	Auditor-Controller	1,611	
27 Sheriffs	Evidence Review	Auditor-Controller		1,000
28 Sheriffs	Program Funding Use Review	Board	550	
29 Treasurer and Tax Collector	Public Administrator Protection of Decedent Property Review	Auditor-Controller		1,000
			10,508	15,305
			11.98%	17.26%

(1) Estimates subject to variances due to issues encountered on the audit.

(2) Performance audits typically report on key performance indicators, benchmarks, compliance standards, responsiveness to clients, cost efficiency, caseloads, and eligibility.

**AUDITOR-CONTROLLER - AUDIT DIVISION
FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
<u>Cash Reviews (physical security, accounting controls, and reconciliations)</u>				
30 Fire	Cash Controls Review	Department	845	
31 Parks and Recreation	Accounts Receivable Cash Controls	Auditor-Controller	800	
32 Public Health	Environmental Health Services Cash Controls Review	Department		1,000
33 Public Health	Envision Connect Cash Controls	Department		600
			<u>1,645</u>	<u>1,600</u>
			1.88%	1.80%
<u>Cell Phone Reviews (monitor possession, calls, inventory accuracy, device activation, and services)</u>				
34 Community and Senior Services	Cell Phone Use and Policy Compliance Audit	Auditor-Controller		500
35 Public Works	Cell Phone Use and Policy Compliance Audit	Board	<u>1,000</u>	
			1,000	500
			1.14%	0.56%
<u>Commission/Sunset Reviews (sunset dates vary from about three to eight years)</u>				
36 Board of Supervisors	Arts Commission Sunset Review	Audit Committee		200
37 Board of Supervisors	Women's Commission Sunset Review	Audit Committee		200
38 Board of Supervisors	Children and Families Commission	Board		200
39 Board of Supervisors	Citizens Economy and Efficiency Commission	Board	200	
40 Board of Supervisors	Insurance Commission	Board		200
41 Board of Supervisors	Sybil Brand Commission for Institutional Inspections	Board		200
42 Chief Executive Office	Labor Management Advisory Committee Sunset Review	Audit Committee	200	
43 Chief Executive Office	Policy Roundtable for Child Care Sunset Review	Audit Committee	200	
44 Chief Executive Office	Quality and Productivity Commission Sunset Review	Audit Committee	200	
45 Parks and Recreation	Parks and Recreation Commission Sunset Review	Audit Committee	150	
46 Public Health	Commission on Alcohol/Other Drugs Sunset Review	Audit Committee	200	
47 Public Health	Public Health Commission Sunset Review	Audit Committee	<u>200</u>	
			1,350	1,000
			1.54%	1.13%
<u>Contract Reviews (competitive bidding, outreach, proposal evaluation criteria, sole source justification, etc.)</u>				
48 Community and Senior Services	Contracting Review	Auditor-Controller		1,000
49 Internal Services	Contracting Review	Auditor-Controller		2,000
50 Mental Health	Contracting Review	Auditor-Controller	1,200	
51 Mental Health	Pharmacy Billing Management Contract Monitoring Review	Auditor-Controller		1,200
52 Parks and Recreation	Contract Management	Auditor-Controller		1,000
53 Parks and Recreation	Contract Monitoring	Auditor-Controller	800	

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FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
54 Public Works	Contracting Review	Auditor-Controller		2,000
			2,000	7,200
			2.28%	8.12%
<u>Department Requests (interpretation of procedures, review financial documents, advise on controls, etc.)</u>				
55 Multiple Departments	Departmental Request, Technical Assistance	Department	1,810	2,285
			1,810	2,285
			2.06%	2.58%
<u>Financial Statement Reviews (generally annual reviews of stewardship of County or pass-through resources)</u>				
56 Chief Executive Office	Utility User Tax Countywide Expenditure Financial Compliance	Board	150	150
57 Children and Family Services	Child Development Education Financial Audit	Department	50	50
58 Health Services	LA Care Financial Condition Review	Board	150	150
			350	350
			0.40%	0.39%
<u>Fiscal Reviews (compliance with control standards and regulations)</u>				
59 Agricultural Commissioner	CAL-Card Controls	Auditor-Controller		300
60 Beaches and Harbors	Revenue Agreements Audits	Department	100	250
61 Board of Supervisors	Trust, Accruals and Commitments Review	State	750	
62 Chief Executive Office	Risk Management	Audit Standards	838	
63 Children and Family Services	Transportation Follow-Up Review	Audit Standards	1,500	
64 Children and Family Services	Trust Fund Follow-Up Review	Audit Standards	1,250	
65 Children and Family Services	Financial Compliance Payment Overpayments	Auditor-Controller	1,200	
66 County Counsel	Trust Review	State		618
67 Fire	CAL-Card Review	Department	800	
68 Health Services	Rancho Los Amigos Trust, Accruals, and Commitments Follow-Up	Audit Standards	800	
69 Health Services	Trust, Accruals, and Commitments Follow-Up Review	Audit Standards	800	
70 Health Services	Capital Projects Review	Department	818	
71 Internal Services	County Credit Card Follow-Up Review	Audit Standards		252
72 Mental Health	Services Act Client Supportive Review	Auditor-Controller		1,100
73 Mental Health	Special Funds Review	Auditor-Controller	1,000	
74 Multiple Departments	Revolving Fund Review	State	300	300
75 Parks and Recreation	Grantee Review	Auditor-Controller		1,000
76 Parks and Recreation	Concessionaire Revenue Agreement Compliance Audits	Department	100	300
77 Public Health	Fiscal Follow-Up Review	Audit Standards		1,150
78 Public Health	Environmental Health Trust, Accruals, and Commitments Review	Department		1,000
79 Public Social Services	Trust Funds, Revolving Funds, Commitments, Payables Follow-Up	Audit Standards	600	

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**AUDITOR-CONTROLLER - AUDIT DIVISION
FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
80 Public Social Services	Reimbursement Claiming	Auditor-Controller	1,200	138
81 Public Social Services	Transportation Assistance Payments and Controls	Auditor-Controller	1,100	
82 Public Social Services	Mandated Programs Financial Compliance Audit	Department	300	300
83 Public Works	County Credit Card Follow-Up Review	Audit Standards		500
84 Registrar-Recorder	Change Fund	Auditor-Controller		300
85 Registrar-Recorder	Revenue Allocation	Auditor-Controller		750
86 Registrar-Recorder	Truncation Review	State	750	
87 Sheriff's	Revolving Funds and Credit Cards Review	Auditor-Controller		950
			<hr/>	<hr/>
			14,206	9,208
			16.20%	10.39%
<u>Fleet, Voyager, Mileage, and Travel (controls and compliance to safeguard resources and monitor expenditures)</u>				
88 Agricultural Commissioner	Fleet Review	Auditor-Controller		800
89 Children and Family Services	Mileage Follow-Up Review	Audit Standards	550	
90 Children and Family Services	Fleet and Voyager Card Review	Auditor-Controller		1,000
91 Community and Senior Services	Mileage, Travel, and Incidental Expense Review	Auditor-Controller	424	
92 District Attorney	Travel, Training, and Mileage	Auditor-Controller	1,000	
93 Mental Health	Fleet and Voyager	Auditor-Controller	1,100	
94 Probation	Fleet/Voyager Card Review	Auditor-Controller	900	
95 Public Health	Mileage, Travel, and Auto Damage Claims Follow-Up Review	Audit Standards	535	
96 Public Works	Fleet Review	Auditor-Controller		1,100
97 Public Works	Voyager Card Review	Auditor-Controller	1,000	
98 Sheriff's	Travel and Training	Auditor-Controller	500	
			<hr/>	<hr/>
			6,009	2,900
			6.85%	3.27%
<u>Information Technology (IT) Reviews (security, privacy, processing efficiency, accuracy checks, and approval controls)</u>				
99 Assessor	Assessor IT and Security Follow-Up	Audit Standards	500	
100 Auditor-Controller	eCAPS Interface Statistics	Audit Standards	100	100
101 Auditor-Controller	eCAPS Financials Audit	Auditor-Controller	1,500	
102 Auditor-Controller	eHR Audit	Auditor-Controller	1,500	
103 Auditor-Controller	Internal Control Certification Program Analysis	Auditor-Controller	50	50
104 Child Support Services	IT and Security Policy Audit	Board Policy	404	
105 Children and Family Services	Automated Provider Payment System Follow-Up	Audit Standards		500
106 Children and Family Services	Adoptions Assistance Payroll System Payment Interface	Auditor-Controller	1,500	
107 Children and Family Services	IT and Security Policy Audit	Board Policy	1,500	

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**AUDITOR-CONTROLLER - AUDIT DIVISION
FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
108 Community and Senior Services	IT and Security Policy Audit	Board Policy	1,500	
109 Medical Examiner-Coroner	IT and Security Policy Audit	Board Policy	1,100	
110 Countywide	IT Governance Audit	Audit Standards	1,300	
111 Countywide	Wireless Network Security	Auditor-Controller		1,000
112 Health Services	LAC+USC IT and Security Follow-Up	Audit Standards	500	
113 Health Services	Rancho Los Amigos Affinity Follow-Up	Audit Standards	500	
114 Health Services	Global Healthcare Exchange Requisition System Review	Auditor-Controller	700	
115 Health Services	Vendor Accounting Payment Interface Review	Auditor-Controller	1,500	
116 Health Services	Ambulatory Care - High Desert IT Policy Audit	Board Policy		1,500
117 Health Services	Harbor-UCLA IT and Security Policy Audit	Board Policy	1,500	
118 Health Services	Juvenile Court Services IT Policy Audit	Board Policy		954
119 Health Services	Olive View Medical Center IT and Security Policy Audit	Board Policy	1,500	
120 Health Services	Rancho Los Amigos IT Policy Audit	Board Policy		1,500
121 Human Resources	IT and Security Policy Audit	Board Policy		1,500
122 Internal Services	Countywide Security Operations Review	Board Policy	700	
123 Internal Services	IT and Security Policy Audit	Board Policy		1,500
124 Mental Health	Integrated Behavioral Health Information System Audit (application)	Auditor-Controller		1,500
125 Multiple Departments	eCAPS Interface Questionnaire Reviews	Auditor-Controller	600	1,200
126 Probation	IT Policy Audit Follow-Up	Audit Standards		500
127 Probation	Adult Probation Services System Audit	Auditor-Controller		1,500
128 Public Health	IT and Security Follow-Up	Audit Standards	500	
129 Public Social Services	LEADER Payment Interface Review	Auditor-Controller		1,500
130 Sheriff's	Justice Data Interface Controller System Audit	Auditor-Controller		1,500
131 Sheriff's	IT and Security Policy Audit	Board Policy		1,500
132 Treasurer and Tax Collector	eCommerce Payment and Refund Management System Audit	Auditor-Controller		1,500
			18,954	19,304
			21.61%	21.77%
<u>Internal Control Certification Program</u>				
133 Auditor-Controller	ICCP Online Database Project	A-C Miscellaneous	350	350
134 Multiple Departments	ICCP Monitoring, Follow-Up and Technical Assistance	County Code	648	750
			998	1,100
			1.14%	1.24%
<u>Overhead</u>				
135 Auditor-Controller	Audit Staff Training	A-C Miscellaneous	1,037	1,037
136 Auditor-Controller	Master Agreement Administration	A-C Miscellaneous	100	120

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FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
137 Auditor-Controller	Audit Division Annual Report	Audit Standards		350
138 Auditor-Controller	Audit Division Annual Report Administration	Audit Standards	350	
139 Auditor-Controller	Other Direct Labor Overhead	Auditor-Controller	3,562	3,562
140 Countywide	Countywide Contracting Class	A-C Miscellaneous	30	30
			<u>5,079</u>	<u>5,099</u>
			5.79%	5.75%
<u>Payroll and Personnel Reviews (bonafide employees, timeliness, accuracy, priority, eligibility, etc.)</u>				
141 Assessor	Payroll and Personnel Review	Compliance	438	388
142 Auditor-Controller	Shared Services Payroll and Personnel Review	Auditor-Controller	750	
143 Children and Family Services	Overtime Follow-Up	Audit Standards		1,000
144 Children and Family Services	Payroll and Personnel Review	Auditor-Controller		1,000
145 Community and Senior Services	Payroll and Personnel Follow-Up Review	Audit Standards	1,211	39
146 District Attorney	Payroll and Personnel Follow-Up Review	Audit Standards	750	
147 Health Services	Harbor-UCLA Medical Center Payroll and Personnel Follow-Up	Audit Standards		800
148 Health Services	LAC+USC Medical Center Payroll and Personnel Follow-Up	Audit Standards		800
149 Health Services	Olive View-UCLA Medical Center Payroll and Personnel Follow-Up	Audit Standards		800
150 Health Services	Payroll and Personnel Follow-Up Review	Audit Standards		800
151 Internal Services	Payroll and Personnel Follow-Up Review	Audit Standards	1,000	
152 Probation	Payroll and Personnel Review	Board	1,000	
153 Public Health	Payroll and Personnel Review	Auditor-Controller	250	
154 Public Works	Payroll and Personnel Review	Board	878	
155 Sheriff's	Timekeeping and Overtime Review	Auditor-Controller		800
			<u>6,277</u>	<u>6,427</u>
			7.16%	7.25%
<u>Procurement (competitive bidding, propriety, use of agreement vendors, justifications for sole source, etc.)</u>				
156 Child Support Services	Procurement Follow-Up Review	Audit Standards	750	
157 Community and Senior Services	Procurement Follow-Up Review	Audit Standards	500	
158 District Attorney	Procurement Follow-Up Review	Audit Standards		750
159 Fire	Procurement Follow-Up Review	Audit Standards	1,000	
160 Health Services	Harbor-UCLA Medical Center Procurement Follow-Up Review	Audit Standards		608
161 Health Services	LAC+USC Medical Center Procurement Follow-Up Review	Audit Standards	800	
162 Health Services	Olive View-UCLA Medical Center Procurement Follow-Up	Audit Standards		800
163 Health Services	Procurement Follow-Up Review	Audit Standards		800
164 Health Services	Rancho Los Amigos Procurement Follow-Up Review	Audit Standards		800
165 Internal Services	Procurement Review	Board	1,301	699

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FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
166 Probation	Procurement Follow-Up Review	Audit Standards	800	100
167 Public Health	Procurement Review	Auditor-Controller	1,000	
			6,151	4,557
			7.01%	5.14%
<u>Proposition A Audits (avoidable cost analysis, cost effectiveness of contracting)</u>				
168 Internal Services	Proposition A Cost Analyses	Board	350	350
169 Public Works	Proposition A Cost Analyses	Department	350	350
			700	700
			0.80%	0.79%
<u>Audit Recommendation Status</u>				
170 Multiple Departments	Audit Recommendations Status	Board Policy	390	500
			390	500
			0.44%	0.56%
<u>Risk Assessment Reviews (part of our Audit Plan development process)</u>				
171 Countywide	Audit Plan and Risk Assessment	Audit Standards	153	178
172 Countywide	IT Risk Assessment	Audit Standards	300	300
			453	478
			0.52%	0.54%
<u>State/Federal Requirement (generally fiscal and regulatory compliance)</u>				
173 Countywide	Countywide State Grants Financial Compliance Audits	State	400	500
174 Health Services	Asset Valuation Services and Annual Reports Special Study	Federal Requirement	250	250
175 Multiple Departments - Annual	County Treasury Annual Audit and Quarterly Reviews	State	150	150
176 Parks and Recreation	Proposition A Grants Compliance Audits	State Code		300
177 Probation	Trust Fund and Cash Review	State	50	50
178 Public Works	Flood Control District Audit	State Code	100	100
179 Sheriff's	Inmate Welfare Fund Audit	State Code	135	150
180 Special Funds/Special Districts	Special District Audits - Government Code 26909	State Code	200	200
181 Treasurer and Tax Collector	County Treasury Cash Counts - Quarterly	State	200	200
182 Treasurer and Tax Collector	Redemption Financial Compliance Audit	State Code	75	75
			1,560	1,975
			1.78%	2.23%
<u>Accounting/Technical Assistance</u>				
183 AB109 State Trust Fund	Fund Expenditures Reviews	CEO	1,750	
184 Auditor-Controller	County Fiscal Manual Administration and Assistance	A-C Miscellaneous	400	450
185 Auditor-Controller	Optical Archive Assistance	A-C Miscellaneous	25	25

(1) Estimates subject to variances due to issues encountered on the audit.

(2) Performance audits typically report on key performance indicators, benchmarks, compliance standards, responsiveness to clients, cost efficiency, caseloads, and eligibility.

**AUDITOR-CONTROLLER - AUDIT DIVISION
FISCAL YEARS 2016-17 AND 2017-18 AUDIT ACTIVITY PLAN**

DEPARTMENT	AUDIT DESCRIPTION	REQUESTING SOURCE FOR THE AUDIT	FY 2016-17 (1) ESTIMATED HOURS	FY 2017-18 (1) ESTIMATED HOURS
186 Auditor-Controller	Auditor-Controller IT Technical Assistance	Auditor-Controller	50	50
187 Auditor-Controller	County Fiscal Manual Chapter 8 Update	Auditor-Controller	100	100
188 Board of Supervisors	Sunset Review, Technical Assistance	Audit Committee		10
189 Chief Information Office	McAfee Vulnerability Manager and Reporting	Audit Standards	50	
190 Community and Senior Services	eCAPS Data Analysis and Reporting	A-C Miscellaneous	500	500
191 Countywide	E-Commerce Readiness Group	Board Policy	100	200
192 Health Services	eCAPS Assistance	A-C Miscellaneous	200	200
193 Health Services	Harbor-UCLA Affiliation Agreement Review	Auditor-Controller	750	750
194 Office of Recovery	State Homeland Security Grant Assistance	Department	88	48
195 Public Health	Environmental Health Services Billing Rates Review	Department		1,000
196 Public Social Services	Internal Security Task Force Meetings	Department	25	25
			4,038	3,358
			4.60%	3.79%
<u>Other</u>				
197 Sheriffs	Sworn Billing Review	Auditor-Controller	500	600
			500	600
			0.57%	0.68%
Total Audit Plan Hours			87,696	88,658

(1) Estimates subject to variances due to issues encountered on the audit.

(2) Performance audits typically report on key performance indicators benchmarks, compliance standards, responsiveness to clients, cost efficiency, caseloads, and eligibility.